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11 **RELATOR, LLC**

12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**

14 **UNITED STATES OF AMERICA,**

15 Plaintiff,

16 *ex rel.* **RELATOR LLC**, a California
17 limited liability company,

18 Relator,

19 v.

20 **HARVEY LOBEL**, an individual,
21 **LOBEL FINANCIAL**
22 **CORPORATION**, a California
23 Corporation; and DOES 1-10,

24 Defendants.

2:22-CV-04782-MWF-MRWx

Case No.

**COMPLAINT FOR VIOLATIONS
OF FEDERAL FALSE CLAIMS
ACT**

**FILED *IN CAMERA* UNDER SEAL
PURSUANT TO 31 U.S.C. §
3730(b)(2)**

DO NOT PLACE ON PACER

JURY TRIAL DEMANDED

25
26 Plaintiff RELATOR LLC (hereinafter referred to as “Plaintiff”) complains of

27 **HARVEY LOBEL**, an individual, **LOBEL FINANCIAL CORPORATION**, a
28

1 California Corporation, and DOES 1-10 (together with the corporate Defendant and
2 the individual Defendant, collectively, the “Defendants”), and alleges as follows:

3
4 **I. INTRODUCTION**

5 1. This is a case about bank fraud, wire fraud and fraud on the
6 government, involving embezzlement and misappropriation of aid funds intended
7 for working families - greed during a national emergency. In this case, Harvey
8 Lobel, an individual, a businessman (through an entity he wholly owned and
9 controlled called Lobel Financial Corporation¹) applied for and received a PPP loan
10 for a **\$4,741,500.00**, purportedly to cover payroll costs for his workers, however
11 this loan was illegal because Lobel Financial is a money lender and therefore
12 *ineligible* to receive any PPP loans; and after receiving the loan Harvey Lobel
13 misappropriated the PPP funds for unauthorized purposes, not to help his workers.

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16
17 2. Within several months of receiving the PPP loan, Harvey Lobel
18 purchased a lavish real estate property in Newport Coast for himself, valued at
19 \$4,222,913, the same value as the PPP loan.

20
21 3. Even assuming the PPP loan proceeds were not simply pocketed by
22 Harvey Lobel, his company Lobel Financial was ineligible to receive SBA loans.
23 Defendant’s business type is ineligible for SBA loans because they are money
24 lenders. Defendant’s certification was false because **they are the type of**
25

26
27
28 ¹ Lobel Financial purchases auto loan agreements, proving loans to borrowers purchasing automobiles throughout the country.

1 **business/industry which is prohibited from SBA loans.** Lobel Financial
2 Corporation purchases automobile loan contracts and lends money to consumers
3 seeking to purchase automobiles.
4

5 4. Defendants falsified their eligible business expenses on their
6 applications. Harvey Lobel is a sophisticated businessman with 40 years experience
7 in the lending industry. He knew full well money lenders are not eligible to receive
8 SBA 7(a) loans or PPP loans, and certainly not eligible for loan forgiveness. He
9 ripped off a government aid program, needed by working families to survive.
10

11 5. The money was borrowed for a business which was not allowed to
12 take even one penny in loans, let alone millions of dollars. The **\$4,741,500.00** in
13 funds should have been returned. Not a penny has been returned.
14

15 6. It is important to note that PPP loans to pay for owner/partner draws
16 and distributions are absolutely not allowed. However, it appears that Defendant
17 used the PPP loan to buy real estate in Newport Coast for himself, rather than use
18 the PPP loan to pay his worker salaries.
19

20 7. The rules explaining what the purpose of the loan are clear: to help
21 workers. There was no “need” or “economic necessity” to pay Defendant.²
22

23 8. The corporate Defendant Lobel Financial Corporation is owned and
24

25
26 ² The auto loan industry posted high profits during 2019 and 2020. Defendant’s
27 companies, operating throughout the country, did not close down or show any decline in
28 profitability. In fact, it appears that business was booming for Defendant, just like others
in the auto loan industry during this time period. Defendant cannot show “economic
necessity” in needing the loans to continue business operations.

1 controlled by Harvey Lobel, and in fact are different in name only.

2 9. Defendants did in fact receive the loan. *The Defendants have not*
3 *returned a penny.*
4

5 10. Defendants have applied for and received total loan forgiveness
6 despite the many violations of the loan rules.
7

8 11. Defendants made many material false statements to the government to
9 obtain the loan.

10 12. Defendants made many material false statements to the government to
11 obtain total forgiveness for the loan.
12

13 13. Defendant used the loan for unauthorized purposes.

14 14. Defendants communication of false statements constitutes Wire Fraud
15 pursuant to 18 U.S.C. Section 1343, which occurred when Defendants used “the
16 wires” (this includes using the internet or the phone) to steal money by making
17 false statements or promises.
18

19 15. Defendants communication of false statements also constitutes Bank
20 Fraud (18 U.S.C. Section 1344) – by making false statements to a bank or other
21 financial institution.
22

23 16. Defendants communicated in writing, deceptive statements, including
24 without limitation, with respect to the eligibility of the company obtaining the
25 loans, economic necessity of the loan, the intended purpose of the loan, and the
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27
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1 actual use of the proceeds, among others.

2 17. Plaintiff-Relator, Relator LLC on behalf of the United States of
3 America brings this action to recover treble damages, civil penalties, and costs
4 under the False Claims Act (“FCA”), 31 U.S.C. §§ 3729-33, and to recover
5 damages and other monetary relief under the common law and equitable theories of
6 unjust enrichment and payment by mistake.
7

8 18. This action arises from numerous false statements and claims that the
9 Defendant knowingly presented to the United States and the United States Small
10 Business Administration (“SBA”) and lenders acting on the SBA’s behalf, in
11 violation of the FCA and common law.
12

13 19. The Defendants unlawfully obtained millions of dollars of PPP
14 Proceeds (as defined below), and failed to return or repay the money.
15

16 20. In summary, Harvey Lobel used his company Lobel Financial
17 Corporation to obtain a large PPP loan from the government. He deceptively
18 completed the SBA loan application by seeking money for a business which is
19 INELIGIBLE to receive even one dollar of PPP loans, because it itself is a lender.
20 The industry in which Lobel Financial belongs is expressly *prohibited* from
21 receiving SBA loans generally and the PPP loan as well. Harvey Lobel is a
22 sophisticated businessman with a multitude of lending operations. Defendant’s
23 stock in trade is money. Not only was the loan impermissible, but Defendant then
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1 also sought forgiveness of the loan rather than returning the money. He knew full
2 well that his many false statements to the government and SBA and his activities in
3 seeking this loan and loan forgiveness were illegal, but he was not stopped by
4 anybody or himself.
5

6 21. Worse yet, the PPP money was used on real estate for Harvey Lobel,
7 rather than worker salaries.³
8

9 II. THE PARTIES

10 22. Plaintiff-Relator LLC, is a California limited liability company with its
11 principal place of business in Los Angeles, California.
12

13 23. Defendant Harvey Lobel (“Lobel”) is an individual and, at all relevant
14 times herein, is and was the sole owner and the Chief Executive Officer and
15 director of Lobel Financial Corporation.
16

17 24. Defendant Lobel Financial Corporation., is a California corporation
18 (“LFC”) with its principal place of business at 1150 N Magnolia Avenue,
19 Anaheim, CA 92801.
20

21 25. During round 1 of the paycheck protection program, Defendants
22 applied for a PPP loan for **\$4,741,500**. It was approved on April 11, 2020 by the
23 SBA for the full amount, which was disbursed. The loan was facilitated by BMO
24 Harris Bank National Association. LFC received 100% of the approved amount. On
25
26

27 ³ The PPP loan was for \$4,741,500 however it appears Lobel misappropriated the PPP
28 funds - within several months of receiving the loan, Harvey Lobel bought a property in
Newport Coast for himself, valued at \$4,222,913, the same value as the PPP loan.

1 its application for this loan, LFC stated that it had 372 employees for which it
2 needed the loan.

3 4 **III. The CARES Act and Paycheck Protection Program**

5 26. On March 27, 2020, the Coronavirus Aid, Relief, and Economic
6 Security Act (“the CARES Act” or “the Act”) (Pub. L. 116-136) became law and
7 provided emergency assistance and health care response for individuals, families,
8 and businesses affected by the coronavirus pandemic. SBA received funding and
9 authority through the Act to modify existing loan programs and establish a new
10 loan program to assist small businesses nationwide adversely impacted by the
11 COVID-19 emergency.
12

13
14 27. The CARES Act authorized loans to eligible small businesses
15 struggling to pay employees and other business expenses as a result of the
16 devastating effect of the COVID-19 pandemic.
17

18 28. Section 1102 of the CARES Act temporarily permitted the SBA to
19 guarantee 100 percent of 7(a) loans under a new program titled the “Paycheck
20 Protection Program” (“PPP”).
21

22 29. On April 24, 2020, the Paycheck Protection Program and Health Care
23 Enhancement Act (Pub. L. 116-139) became law and provided additional funding
24 and authority for the PPP. On June 5, 2020, the Paycheck Protection Program
25 Flexibility Act of 2020 (Flexibility Act) (Pub. L. 116-142) became law and changed
26 key provisions of the Paycheck Protection Program, including provisions relating to
27
28

1 the maturity of PPP loans, the deferral of PPP loan payments, and the forgiveness
2 of PPP loans.

3
4 30. Under the PPP, in 2020, eligible businesses could obtain one SBA
5 guaranteed PPP loan. Businesses were required to spend loan proceeds for
6 employee compensation, rent or mortgage, and other specified expenses and,
7 depending on their use of the loan proceeds, could qualify for loan forgiveness, up
8 to the full amount of the loan.
9

10 31. The SBA delegated authority to third-party lenders to underwrite and
11 approve the PPP loans. In order to obtain a PPP loan, a qualifying business (through
12 its authorized representative) signed and submitted a PPP loan application (SBA
13 Form 2483) online through the lender's application platform. The PPP loan
14 application (SBA Form 2483) required the business (through its authorized
15 representative) to acknowledge the PPP program rules and make certain affirmative
16 certifications in order to be eligible to obtain the PPP loan.
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20 32. Once the Borrower submitted its PPP loan application (SBA Form
21 2483) to a Lender, the participating lender processed the PPP loan application. If a
22 PPP loan application (SBA Form 2483) was approved by the participating lender, it
23 thereafter funded the PPP loan using its own monies, which were 100% guaranteed
24 by the SBA.
25

26 33. After the Lender processed and approved a borrower's PPP loan
27
28

application (Form 2483), but prior to the closing of the PPP loan, the Lender submitted to the SBA, the Lender's Application - Paycheck Protection Program Loan Guaranty (SBA Form 2484) to the SBA applying for a guarantee on the loan. For a PPP loan to be approved, the Lender was required to Answer Yes to the following questions in the Lender's Application - Paycheck Protection Program Loan Guaranty (SBA Form 2484) as to the Borrower's certification of its General Eligibility to receive a PPP Loan:

<ul style="list-style-type: none"> • 	<p>The Applicant has certified to the Lender that (1) it was in operation on February 15, 2020, has not permanently closed, and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099MISC; (2) current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant; (3) the funds will be used to retain workers and maintain payroll, or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures; and (4) the Applicant has not and will not receive another loan under the Paycheck Protection Program, section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) (this does not include Paycheck Protection Program second draw loans, section 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(37))).</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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SBA Form 2484 (emphasis added). Therefore, if a PPP borrower lied on its

1 PPP loan application (SBA Form 2483), the PPP borrower's false certification
2 caused the Lender to submit to the SBA with respect to that PPP Loan, a Lender's
3 Application - Paycheck Protection Program Loan Guaranty (SBA Form 2484) that
4 contained the PPP borrower's False Statement.
5

6 34. SBA Form 2483 provides the following certification, among others "I
7 have read the statements included in this form, including the Statements Required
8 by Law and Executive Orders, and I understand them" (hereafter the
9 "Understanding Certification").
10

11 35. SBA Form 2483 provides the following certification, among others
12 "The Applicant is eligible to receive a loan under the rules in effect at the time this
13 application is submitted that have been issued by the Small Business
14 Administration (SBA) implementing the Paycheck Protection Program under
15 Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act
16 (CARES Act) (the Paycheck Protection Program Rule)" (hereafter the "Eligibility
17 Certification").
18

19 36. SBA Form 2483 provides the following certification, among others
20 "All SBA loan proceeds will be used only for business-related purposes as specified
21 in the loan application and consistent with the Paycheck Protection Program Rule"
22 (hereafter the "Use of Proceeds Certification")
23

24 37. SBA Form 2483 additionally provides the following certification,
25
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1 among others: “Current economic uncertainty makes this loan request necessary to
2 support the ongoing operations of the Applicant” (hereafter the “Economic
3 Necessity Certification”).
4

5 38. SBA Form 2483 additionally provides the following certification,
6 among others: “The funds will be used to retain workers and maintain payroll or
7 make mortgage interest payments, lease payments, and utility payments, as
8 specified under the Paycheck Protection Program Rule; I understand that if the
9 funds are knowingly used for unauthorized purposes, the federal government may
10 hold me legally liable, such as for charges of fraud” (hereafter the “Worker
11 Retention and Payroll Certification.”)
12
13

14 39. SBA Form 2483 additionally provides the following certification,
15 among others: “During the period beginning on February 15, 2020 and ending on
16 December 31, 2020, the Applicant has not and will not receive another loan under
17 the Paycheck Protection Program.” (hereafter the “Single Loan Certification.”)
18
19

20 40. SBA Form 2483 additionally provides the following certification,
21 among others: “I further certify that the information provided in this application and
22 the information provided in all supporting documents and forms is true and accurate
23 in all material respects. I understand that knowingly making a false statement to
24 obtain a guaranteed loan from SBA is punishable under the law, including under 18
25 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of
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1 up to \$250,000; under 15 USC 645 by imprisonment of not more than two years
2 and/or a fine of not more than \$5,000; and, if submitted to a federally insured
3 institution, under 18 USC 1014 by imprisonment of not more than thirty years
4 and/or a fine of not more than \$1,000,000” (hereafter the “No False Statements
5 Certification”).
6

7
8 41. After the borrower submitted the PPP loan application, that application
9 was then processed by a participating lender. If a PPP loan application was
10 approved, the participating lender funded the loan using its own monies, which
11 were then guaranteed by the SBA. Generally, in the event that the borrower
12 defaulted on a PPP loan, the SBA would purchase the borrower's debt from the
13 lending financial institution and take on the responsibility for paying back the loan.
14

15
16 42. Under the applicable PPP rules and guidance, recipients of PPP loans
17 could apply to have the interest and principal on the PPP loan fully forgiven,
18 meaning that the borrower would owe nothing and would have no obligation to
19 repay the PPP loan. To obtain full forgiveness of the PPP loan, borrowers had to
20 attest that they had "not reduced the number of employees or the average paid hours
21 of [their] employees" during the loan period, that the loan proceeds had been spent
22 on payroll costs and other permitted expenses and that at least 60% of the loan
23 proceeds had been spent on payroll costs (hereafter the “Loan Forgiveness
24 Certification”).
25
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1 43. Loans could only be used for certain permitted expenses, such as to
2 fund payroll costs and employee benefits, such as health insurance, to pay for,
3 mortgage interest, rent, utilities or worker protection costs related to COVID19.
4

5 44. 13 CFR§ 120.110 provides a list of what type of business are
6 INELIGIBLE for SBA loans. This list includes money lenders like Defendant ...
7

8 **“(b) Financial businesses primarily engaged in the business of lending,**
9 **such as banks, finance companies, and factors (pawn shops, although**
10 **engaged in lending, may qualify in some circumstances)”**
11

12 45. On April 2, 2020, the SBA posted the First PPP Interim Final Rule
13 announcing the implementation of the CARES Act. SBA posted additional interim
14 final rules on April 3, 2020, and April 14, 2020. On April 28, 2020, SBA posted an
15 interim final rule supplementing the previously posted interim final rules with
16 additional guidance. See, Federal Register / Vol. 85, No. 82 / Tuesday, April 28,
17 2020 / Rules and Regulations at, 23450-52, available at
18

19 [https://home.treasury.gov/system/files/136/Interim-Final-Rule-on-Requirements-](https://home.treasury.gov/system/files/136/Interim-Final-Rule-on-Requirements-for-Promissory-Notes-Authorizations-Affiliation-and-Eligibility.pdf)
20 [for-Promissory-Notes-Authorizations-Affiliation-and-Eligibility.pdf](https://home.treasury.gov/system/files/136/Interim-Final-Rule-on-Requirements-for-Promissory-Notes-Authorizations-Affiliation-and-Eligibility.pdf). This interim
21 final rule supplemented previous regulations and guidance on several important,
22 discrete issues. The April 28, 2020, Interim Final Rule was immediately effective
23 without advance notice and public comment because section 1114 of the CARES
24 Act authorized SBA to issue regulations to implement Title I of the CARES Act
25
26
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1 without regard to notice requirements. *Id.*

2 46. With respect to the PPP, the January 6, 2021, Interim Final Rule
3 provided Clarification Regarding Eligible Businesses, specifically 13 CFR Parts 113,
4 120 and 121.
5

6 *“Are businesses that are generally ineligible for 7(a) loans under 13 CFR*
7 *120.110 eligible for a PPP loan?*
8

9 **Paragraphs (a), (g), and (k), of 13 C.F.R. 120.110 do not apply to PPP loans.**
10 **For PPP loans, the ineligibility restriction in 13 C.F.R. 120.110(n) is**
11 **superseded by subsection B.2.a.iii. of this interim final rule. Otherwise, a**
12 **business is not eligible for a PPP loan if it is a type of business concern (or**
13 **would be, if the entity were a business concern) described in 13 C.F.R.**
14 **120.110, except as permitted by subsections B.1.d and B.1.g of this rule or**
15 **otherwise permitted by PPP rules. Businesses that are not generally eligible**
16 **for a 7(a) loan under 13 C.F.R. 120.110 are described further in SBA’s**
17 **Standard Operating Procedure (SOP) 50 10 6, Part 2, Section A, Chapter**
18

19 47. The SBA’s Standard Operating Procedure (SOP) 50 10 6, Part 2, Section A,
20 Chapter states as follows:
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CHAPTER 3: INELIGIBLE BUSINESSES

A. TYPES OF INELIGIBLE BUSINESSES

The SBA Lender must determine whether the Applicant is one of the types of businesses listed as ineligible in SBA regulations ([13 CFR § 120.110](#)). Certain business types appearing on this list may be eligible under limited circumstances, as discussed below.

1. Businesses organized as non-profit businesses are ineligible (for-profit subsidiaries may be eligible). [13 CFR § 120.110 \(a\)](#)
2. Businesses Engaged in Lending [13 CFR § 120.110 \(b\)](#).
 - a. SBA cannot guarantee a loan that provides funds to businesses primarily engaged in lending, investment, or to an otherwise eligible business engaged in financing, factoring, or investment not related or essential to the business. This prohibits SBA Loans to:
 - i. Banks;
 - ii. Life Insurance Companies (but not independent agents);
 - iii. Finance Companies;
 - iv. Factoring Companies;
 - v. Investment Companies;
 - vi. Bail Bond Companies; and
 - vii. Other businesses whose stock in trade is money.
 - b. The limited circumstances under which certain businesses engaged in lending may be eligible are as follows:
 - i. A pawn shop that provides financing is eligible if more than 50% of its revenue for the previous year was from the sale of merchandise rather than from interest on loans.
 - ii. A business that provides financing in the regular course of its business (such as a business that finances credit sales) is eligible, provided less than 50% of its revenue is from financing its sales.
 - iii. A mortgage servicing company that disburses loans and sells them within 14 calendar days of loan closing is eligible. Mortgage companies primarily engaged in the business of servicing loans are eligible. Mortgage companies that make loans and hold them in their portfolio are not eligible.
 - iv. A check cashing business is eligible if it receives more than 50% of its revenue from the service of cashing checks.

Effective October 1, 2020

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48. LFC is a money lender. They are clearly not allowed to receive SBA loans. LFC and Lobel, as sophisticated Defendants, should have known this. They disregarded these clear rules.

1 49. Defendant's certification was false because **they are the type of**
2 **business/industry which is prohibited from SBA loans: The Defendants are**
3 **money lenders.**

4
5 50. In addition to applying any applicable business type ineligibility rules,
6 all borrowers should carefully review the required certification on the Paycheck
7 Protection Program Borrower Application Form (SBA Form 2483) stating that
8 "[c]urrent economic uncertainty makes this loan request necessary to support the
9 ongoing operations of the Applicant."

10
11
12 51. Lobel is a multi-millionaire who does not need a PPP loan for himself.
13 Discovery will reveal where the millions in PPP funds were actually distributed,
14 but certainly Lobel did not need any financial assistance. His business was lending
15 other people money. His "stock in trade" is money.

16
17 **IV. Defendants' False Statements and Misuse of Proceeds**

18 52. Defendants applied for and received the PPP Loan in the total amount
19 of **\$4,741,500.00**. In order to receive the loan, Defendants would have to have
20 completed SBA Form 2483 entitled "Borrower Application Form". In doing so,
21 Defendants intentionally made materially false statements with respect to the
22 Eligibility Certification, the Use of Proceeds Certification, the Economic Necessity
23 Certification, the Worker Retention and Payroll Certification, the No False
24 Statements Certification and the Single Loan Certification.

25
26
27 53. Defendants signed the loan applications, thereby endorsing the
28

1 Understanding Certification, which means that they agreed that they understood the
2 rules and guidelines of the PPP, including, without limitation the rules regarding
3 use of proceeds and the certifications made.
4

5 54. Ineligible Industry. The proceeds of the PPP Loan were not and could
6 not have been used only for authorized purposes consistent with the Paycheck
7 Protection Program Rule, because, among other things, the Corporate Defendants
8 was not even allowed to take any PPP loans because of their industry (money
9 lenders), therefore when Defendants made the Use of Proceeds Certification, the
10 certification was false.
11
12

13 55. No Economic Necessity. The proceeds of the PPP Loan were not
14 necessary to support the ongoing operations of Corporate Defendant. Therefore,
15 when Defendants made the Economic Necessity Certification, the certification was
16 false.
17

18 56. Using PPP Loan in Unauthorized Way. The proceeds of the PPP Loan
19 were not used to retain workers and maintain payroll, they were used by Lobel to
20 real estate in Newport Coast for himself, and therefore when Defendants made the
21 Worker Retention and Payroll Certification, the certification was false.
22
23

24 57. On their loan applications, Defendants intentionally made several key
25 statements which were false and intended to deceive. These key false statements by
26 Defendant made it possible for them to get the loans.
27
28

1 58. By virtue of the above false statements, when Defendants made the No
2 False Statements Certification, that certification was false.
3

4 **V. THE FALSE CLAIMS ACT**

5 59. Plaintiff alleges that, from at least April 11, 2020 through the time of
6 the filing of this Complaint, Defendants violated the FCA by “knowingly”
7 submitting and/or causing the submission of false claims for payment to lenders
8 authorized by the SBA to process PPP loan applications in the form of PPP
9 Applications and the resulting receipt and failure to return PPP loans. These claims
10 for payment were false because Defendants: (1) made knowingly false statements
11 and certifications in their PPP applications, and in certifications accompanying its
12 receipt of federal PPP funds, that it was complying with, and would continue to
13 comply with, applicable laws and regulations governing the award of PPP loans;
14 and/or (2) made, or caused to be made, false representations in loan applications
15 that the Corporate Defendants were eligible to receive such PPP loans. Moreover,
16 Defendants’ false claims caused on numerous occasions BMO Harris Bank
17 National Association to submit to the SBA, a Lender’s Application - Paycheck
18 Protection Program Loan Guaranty (SBA Form 2484) that contained Defendants’
19 false statement concerning Defendants’ general eligibility for the PPP loans, on
20 which the SBA relied and paid to the lenders.
21

22 60. The False Claims Act prohibits fraudulent conduct in connection with
23 federal programs, including the knowing submission of false claims for payment to
24 the government. See 31 U.S.C. § 3729(a)(1)(A). In these circumstances, liability
25 may attach if the omission renders those representations misleading. 41. 31 U.S.C.
26 § 3729(a)(1)(A) and (B) of the FCA provide that:

27 (1) . . . any person who—
28

1 (A) knowingly presents, or causes to be presented, a false or fraudulent
2 claim for payment or approval; [or]

3 (B) knowingly makes, uses, or causes to be made or used, a false
4 record or statement material to a false or fraudulent claim,

5 . . .

6 (G) knowingly makes, uses, or causes to be made or used, a false
7 record or statement material to an obligation to pay or transmit money or property
8 to the Government, or knowingly conceals or knowingly and improperly avoids or
9 decreases an obligation to pay or transmit money or property to the Government,
10 is liable to the United States Government . . .

11 31 U.S.C. § 3729(a)(1)(A), (B), and (G) (2020).

12 42. The scope of a false or fraudulent claim is to be broadly construed.
13 As used in the FCA, a “claim”

14 (A) means any request or demand, whether under a contract or
15 otherwise, for money or property and whether or not the United States has title to
16 the money or property, that—

17 (i) is presented to an officer, employee, or agent of the United States;
18 or

19 (ii) is made to a contractor, grantee, or other recipient, if the money or
20 property is to be spent or used on the Government’s behalf or to advance a
21 Government program or interest, and if the United States Government—

22 (I) provides or has provided any portion of the money or property requested or
23 demanded; or

24 (II) will reimburse such contractor, grantee, or other recipient for any
25 portion of the money or property which is requested or demanded; . . .

1 31 U.S.C. § 3729(b)(2) (2020).

2 61. A person who violates the False Claims Act during the time period at
3 issue “is liable for a civil penalty as adjusted, plus 3 times the amount of damages
4 which the United States Government sustains because of the act of that person.” 31
5 U.S.C. § 3729(a). See 28 C.F.R. § 85.3(a)(9); Department of Justice, 28 CFR Part
6 85, Civil Monetary Penalties Inflation Adjustments for 2022 published at:
7 <https://www.govinfo.gov/content/pkg/FR-2022-05-09/pdf/2022-09928.pdf>.
8

9 VI. JURISDICTION & VENUE

10 62. This Court has subject matter jurisdiction over the Plaintiff’s claims
11 brought under the FCA, 31 U.S.C. §§ 3279, et seq., pursuant to 31 U.S.C. §§ 3730
12 and 3732. This Court has supplemental jurisdiction to entertain the common law
13 and equitable causes of action under 28 U.S.C. § 1367(a).
14

15 63. Plaintiff The United States of America is also located in the Central
16 District of California. This Court has personal jurisdiction over Defendants
17 pursuant to 31 U.S.C. § 3732(a) because at all times material hereto, Defendants
18 transacted business and are located in the Central District of California, and acts
19 proscribed by 31 U.S.C. § 3729 occurred in this district.⁴
20
21

22 64. Venue is proper in this district pursuant to 31 U.S.C. § 3732(a), and
23 under 28 U.S.C. §§ 1391(b) and 1395(a), because the Defendant’s acts that form the
24 basis of this Complaint occurred in the Northern District of California.
25

26 65. Relator’s claims and this Complaint are not based upon prior public
27

28 ⁴ Lobel Financial operates throughout California. Lobel Financial is located and transacts

1 disclosures of allegations or transactions in a federal criminal, civil, or
2 administrative hearing in which the Government or its agent is a party; in a
3 congressional, Government Accountability Office, or other federal report, hearing,
4 audit, or investigation; or from the news media. To the extent that there has been a
5 public disclosure unknown to Relator, it is the “original source” within the meaning
6 of 31 U.S.C. § 3730(e)(4)(B) and/or the public disclosure is a result of Relator
7 voluntarily providing this information to the United States Government prior to
8 filing this *qui tam* action.
9

10 11 12 **VII. FIRST CAUSE OF ACTION**

13 **FALSE OR FRAUDULENT CLAIMS (31 U.S.C. § 3729.(a)(1)(A-B))**

14 66. Plaintiff alleges and incorporates by reference each and every
15 allegation contained in all prior paragraphs of this complaint.
16

17 67. This is a claim for treble damages and penalties under the False Claims
18 Act, 31 U.S.C. § 3729, *et seq.*, as amended.
19

20 68. By virtue of the acts described above, Defendants knowingly
21 presented, or caused to be presented, to an officer or employee of the United States
22 government, false or fraudulent claims for payment or approval, in violation of the
23 FCA, 31 U.S.C. § 3729(a)(1)(A).
24

25 69. By virtue of the acts described above, Defendants knowingly made or
26 used, or caused to be made or used, false or fraudulent records or statements
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28
business in California.

1 material to false or fraudulent claims for payment by the Government.

2 70. Because of the Defendants' acts, the United States sustained damages
3 in an amount to be determined at trial and, therefore, is entitled to treble damages
4 under the FCA, plus civil penalties of not less than \$12,537.00 and not more than
5 \$25,076.00 for each and every violation arising from Defendants' unlawful conduct
6 alleged herein.
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1 **PRAYER FOR RELIEF**

2 WHEREFORE, *qui tam* Plaintiff/Relator prays for judgment against
3
4 Defendants, as follows:

- 5 1. That this Court enter judgment against each Defendant in an amount three
6 times the damages that the United States has sustained because of
7
8 Defendants' action, plus a civil penalty of not less than \$12,537.00 and
9 not more than \$25,076.00 for each and every false claim as are required
10 by law, together with all such further relief as may be just and proper.
11
12 2. Such other relief as this Court may deem just and proper, together with
13 interest and costs of this action.
14
15 3. Reasonable attorney fees, litigation expenses, and costs of suit

16 **JURY DEMAND**

17 Plaintiff demands a trial by jury on all issues so triable.
18

19 Dated: July 6, 2022

THE LAW OFFICE OF HAKIMI & SHAHRIARI

21 By: /s/ Peter Shahriari
22 PETER SHAHRIARI, ESQ.
23 Attorney for Plaintiff
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